



NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

2 Principal accounting policies *(Continued)*

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase and other direct costs that have been incurred in bringing the inventories to their present location and condition. Cost for general merchandise is calculated using the retail inventory method which approximates to a first-in, first-out basis whereas cost for fine jewellery comprises purchase price and direct attributable costs. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(j) Trade receivables

Provision is made against trade receivables to the extent they are considered to be doubtful. Trade receivables in the balance sheet are stated net of such provision.

(k) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight line basis over the lease periods.

(l) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or receivable in the foreseeable future.



NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

2 Principal accounting policies *(Continued)*

(m) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of subsidiaries, jointly controlled entities and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising are dealt with as a movement in reserves.

(n) Revenue recognition

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Commission on consignment sales and management fee income are recognised when the services are rendered.

Operating lease rental income is recognised on a straight line basis over the lease term.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

(o) Borrowing costs

Borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(p) Retirement benefit costs

The Group's contributions to the defined contribution retirement scheme are expensed as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.



NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

3 Turnover, revenues and segment information

The Group is principally engaged in investments in the telecommunication and internet related business and property investment. Revenues recognised during the year are as follows:

	2001 HK\$'000	2000 HK\$'000
Turnover		
Sales of goods and commission on consignment sales	474	4,649
Rental income	11,128	13,959
Management fee income	111	444
	<u>11,713</u>	<u>19,052</u>
Other revenues		
Dividend income	77	321
Interest income	2,908	14
	<u>2,985</u>	<u>335</u>
Total revenues	<u>14,698</u>	<u>19,387</u>

NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

3 Turnover, revenues and segment information *(Continued)*

The Group's department store business ceased and was discontinued in the year ended 31st March, 2000. The turnover and operating loss in respect of the discontinued operation, accounted for up to the year ended 31st March, 2000 were HK\$3,590,000 and HK\$17,313,000 respectively. An analysis of the Group's turnover and contribution to operating loss for the year by principal activities and markets are as follows:

	Turnover		Operating profit / (loss)	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Principal activities:				
Retailing and department				
store operations	474	4,649	183	(17,118)
Property investment	11,128	13,959	(32,979)	(33,493)
Property management	111	444	(328)	(365)
Multi-media business	—	—	(17,000)	—
	<u>11,713</u>	<u>19,052</u>	<u>(50,124)</u>	<u>(50,976)</u>
Principal markets:				
Hong Kong	9,928	17,674	(34,220)	(51,199)
People's Republic of China	1,311	319	(16,087)	28
New Zealand	474	1,059	183	195
	<u>11,713</u>	<u>19,052</u>	<u>(50,124)</u>	<u>(50,976)</u>



NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

4 Other income

	2001 HK\$'000	2000 HK\$'000
Gain on disposal of a subsidiary	37,995	—
Net refund of retirement benefit costs (<i>note 11</i>)	—	581
Gain on disposal of properties held for sale	—	480
	<u>37,995</u>	<u>1,061</u>

5 Other expenses

	2001 HK\$'000	2000 HK\$'000
Deficit arising on revaluation of investment properties (<i>note 13</i>)	35,508	25,350
Provision for deposits for investment in jointly controlled entities (<i>note 18(b)</i>)	17,000	—
Provision for diminution in value of fixed assets	—	5,967
Provision for litigation (<i>note 33</i>)	—	6,850
Loss on disposal of investment properties	—	182
	<u>52,508</u>	<u>38,349</u>